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SENATE

{ REPORT  
No. 1302

### PROVIDING FOR THE ADMINISTRATION OF THE CENTRAL INTELLIGENCE AGENCY, ESTABLISHED PURSUANT TO SECTION 102, NATIONAL SECURITY ACT OF 1947

MAY 17 (legislative day, MAY 10), 1948.—Ordered to be printed

Mr. SALTONSTALL, from the Committee on Armed Services, submitted the following

### REPORT

[To accompany S. 2688]

The Committee on Armed Services, having had under consideration the Central Intelligence Agency Act of 1948, report the following bill (S. 2688) to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes, and recommend that it do pass.

#### PURPOSE OF THE BILL

The purpose of the bill is to grant to the Central Intelligence Agency the authorities necessary for its proper administration. The bill deals with procurement, travel, allowances and related expenses, general authorities, and methods of expenditures of appropriated funds. Further, it protects the confidential nature of the Agency's functions and makes provisions for the internal administration of the Agency. In almost all instances, the powers and authorities contained in the bill already exist for some other branch of the Government, and the bill merely extends similar authorities to the Central Intelligence Agency.

#### COMMITTEE CONSIDERATION

Hearings on the matter were conducted in executive session because the confidential nature of the Agency's functions were deemed to be such as to require the discussions to be so held. The committee carefully considered all sections of the bill, and, after such consideration, is satisfied that all provisions of the proposal are justified and necessary to the efficient operation of the intelligence service of the United States.

SECTION-BY-SECTION ANALYSIS

Section 1 of the bill defines the terms used in the proposed act.

Section 2 requires the Director to create a seal of office and provides for its judicial notice.

Section 3 provides for the extension to the Central Intelligence Agency of certain provisions of the Armed Services Procurement Act of 1947. Under the proposed legislation the Central Intelligence Agency may negotiate for purchases and contracts for supplies without advertising if (a) there is a national emergency, (b) the public exigency would not admit a delay, (c) the aggregate amount does not exceed \$1,000, (d) if it is for personal or professional services, (e) or for services to be rendered by universities, colleges, or other educational institutions, (f) if supplies or services are to be procured and used outside the United States, (g) for supplies or services for which it is impracticable to secure competition, (h) for supplies or services the nature of which should not be publicly disclosed, (i) for supplies when the bid prices are not reasonable or have not been independently arrived at, and (j) for such procurement otherwise authorized by law. In addition, other provisions of the Armed Services Procurement Act which set forth the rules for advertising, the types of contracts that can be made, permitting advance payment under certain circumstances, for liquidating damages, and for joint procurement, are extended to the Central Intelligence Agency. The remainder of the section defines the "Agency head," and provides for the delegation of procurement authority and further provides that certain procurement authorities shall only be exercised by the Agency head and may not be delegated.

Section 4 permits the Director to provide for special instruction or training for Agency personnel. It also provides for the payment of the expenses involved. This language is similar to that contained in the Foreign Service Act of 1946.

Section 5 provides for travel, allowances, and related expenses for Agency personnel assigned to permanent duty stations outside the United States.

Section 6 (a) provides for the method of annual financing of the Central Intelligence Agency.

Section 6 (b) excepts the Central Intelligence Agency from the provisions of law which prohibit the exchange of funds by any disbursing officer other than for silver, gold, United States notes, and national bank notes.

Section 6 (c) provides for the assignment of personnel of other Government agencies to the Central Intelligence Agency, and for reimbursement for such service.

Section 6 (d) authorizes the official couriers of the Central Intelligence Agency to carry firearms.

Section 6 (e) exempts the Central Intelligence Agency from existing limitations which permit no more than 25 percent of the first year's rental for leased property to be spent on permanent improvements.

It also exempts the Agency from the existing limitation of 15 percent per annum of the fair market value as a rental which may be paid.

Section 6 (f) exempts the Agency from the requirements of the existing law pertaining to the publication of the Official Register of the United States, and the provisions of any other law which requires the

publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of persons employed by the Agency.

Section 7 establishes a point of reference to which the administrative and fiscal officers of the Central Intelligence Agency and other appropriate officers of the Government may look to determine what expenditures are authorized in the course of supporting the activities of the Agency. It further includes authorization for the employment of personnel without regard to the provisions of law applicable to the types of persons to be employed in the Government service.

It is the intent of this section to provide that funds made available to the Agency may be expended for numerous purposes specifically set forth therein; and that such funds may be expended without regard to the provisions of law applicable to Government funds. Further, objects of a confidential, extraordinary or emergency nature may be accounted for on certificate of the Director, such certificate to be deemed a sufficient voucher for the amount certified.

Sections 8 and 9 provide for the usual separability and a short title.

By letter to the chairman, Committee on Armed Services, the Director, Central Intelligence Agency, requested legislation similar to the bill being submitted, and later, on May 13, in an executive session of the committee, he approved this bill in its present form. His letter, dated March 13, 1948, in which this legislation was requested, is appended hereto, and is made a part of this report.

CENTRAL INTELLIGENCE AGENCY,  
Washington 25, D. C., March 13, 1948.

Hon. CHAN GURNEY,  
*Chairman, Committee on Armed Services,  
United States Senate, Washington 25, D. C.*

DEAR MR. CHAIRMAN: There is submitted herewith the draft of a proposed bill to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

The primary purpose of this legislation is to provide authorities necessary for the administration of the Central Intelligence Agency. The basic provisions cover the Agency's problems of procurement; travel; allowances, and related expenses; general authorities; and appropriations language.

It is provided in section 3 that certain provisions of the Armed Services Procurement Act of 1947 (Public Law 413, 80th Cong.) be extended to the Agency. This is requested on the basis of difficulties which have been experienced in supplying the peculiar needs of an intelligence service.

Inasmuch as the Central Intelligence Agency is concerned with the coordination and production of foreign intelligence pertaining to the national security, there will be frequent need for overseas travel, occasional overseas assignment and, in certain cases, the establishment of overseas posts. In the light of our desire that employment in the Central Intelligence Agency be regarded as a career service, it is felt that the Agency has a problem similar to that faced by the Foreign Service in the assignment of personnel to duty abroad, and authorities similar to those granted in the Foreign Service Act of 1946 are necessary to the development of an intelligence career staff (sec. 5).

Certain general authorities have been requested in section 6 which are believed necessary to facilitate the financing of the Agency, together with additional authorities which are requested on the basis of experience in intelligence activities during the war and since the establishment of Central Intelligence in 1946. Additional general authorities are sought in the interests of the security of the national intelligence mission and in furtherance of section 102 (d) (3) of the National Security Act of 1947 which provides that the Director of Central Intelligence be responsible for protecting intelligence sources and methods from unauthorized disclosure.

4 ADMINISTRATION OF CENTRAL INTELLIGENCE AGENCY

Section 7, containing appropriations language, is included in an effort to establish a point of reference to which the administrative and fiscal officers of the Agency and other appropriate officers of the Government may look to determine what expenditures are authorized in the course of supporting the activities of the Agency. The greater part of this section pertains to activities necessary to the normal administration of the Agency, but for which money cannot be expended without specific authorization. This section further provides authorization for the spending of a portion of the money made available to the Agency for confidential purposes where security would prohibit an audit. To achieve this, it is felt necessary to authorize specifically the expenditure of funds for confidential purposes to which the Director of Central Intelligence will certify, and his certification will be a full accounting for such expenditures.

As stated above, the provisions proposed in this legislation are based on experiences in the field of intelligence during the last 5 years. Because of this experience and the security aspects of intelligence generally, it was felt best to incorporate these administrative necessities in one bill.

The Central Intelligence Agency has been advised by the Bureau of the Budget that they have no objection to the submission of this bill to the Congress in its present form.

Sincerely yours,

R. H. HILLENKOTTER,  
Rear Admiral, United States Navy,  
Director of Central Intelligence.